

DCI/IC 77-4428

25 AUG 1977

Executive Registry
77-8748/2

MEMORANDUM FOR: Director of Central Intelligence

FROM: John N. McMahon
Acting Deputy to the DCI for the
Intelligence Community

SUBJECT: NFIP Procurement Policy

1. Action Requested: Approval of the attached NFIP Procurement Policy Directive.

2. Background:

a. On a number of occasions during FY 1978 budget authorization hearings, the Senate Select Committee (Intelligence) inquired of witnesses as to the extent of the industrial base involved in providing goods and services to the Intelligence Community.

b. The Committee Report, issued on 19 May 1977, noted, "Although the Committee recognizes there are certain limitations because of security requirements, the Community is urged to make every effort to ensure as broad a base of U.S. industrial firms as possible is involved in competing for intelligence goods and services. To this end the Committee requests the DCI promulgate a set of guidelines and criteria for the Community within 90 days and that the Committee be provided copies of such direction."

c. Policy and a reporting procedure for NFIP procurement have been developed in consultation with the staffs of Intelligence Community components.

d. In circulating a final draft for coordination, DoD recommended inclusion of a reporting threshold, and suggested, because of the necessity to establish administrative procedures to identify intelligence procurements among all others, that the first report be provided on 1 October 1978. Intelligence

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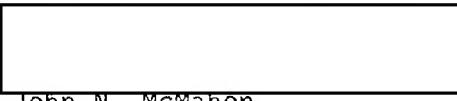
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SUBJECT: NFIP Procurement Policy

Community principals have been advised of these suggestions and both have been incorporated in the proposed directive.

3. Recommendation: That you approve the attached NFIP Procurement Policy Directive which has been formally coordinated with the office of the Deputy Assistant to the President for National Security Affairs, DoD, CIA, State, ERDA, and the FBI.

STAT


John N. McMahon

Attachment:

NFIP Procurement Policy
Directive

APPROVED:

See /3
Director of Central Intelligence

DISAPPROVED:

Director of Central Intelligence

DATE:

1 SEP 1977

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SUBJECT: NFIP Procurement Policy (U)

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DCI DIRECTIVE

NFIP Procurement Policy

(effective , 1977)

1. Purpose. The purpose of this Directive is to establish policy and reporting procedures for the procurement of goods and services by NFIP entities.
2. Responsibilities
 - a. The DCI is responsible for controlling the budget preparation and resource allocation for the NFIP.
 - b. The Code of Federal Regulations in Titles 41 and 32 establishes Federal and Armed Services procurement policy pursuant to the Armed Services Procurement Act of 1949, as amended, and the Federal Property and Administrative Services Act of 1949, as amended.
3. Applicability. This Directive shall apply to all purchases and contracts made by NFIP components, units and activities, within or outside the U.S., for the procurement, or acquisition, from non-Federal sources of personal property and non-personal services (including ADP&E and construction) by such means as purchasing, renting, leasing (including real property), contracting or bartering. It includes all functions that pertain to the obtaining of supplies and services, including description (but not determination) of requirements, selection and solicitation of sources, and preparation and award of contracts for supplies or services which obligate appropriated funds.
4. Policy. The following Policy and Guidance for the procurement of NFIP goods and services reaffirms and extends the general and permanent rules for procurement published in the Federal Register and codified under Titles 32 and 41 of the Code of Federal Regulations.
 - a. All procurement, whether by formal advertising, or by negotiation, within the limitations of statutory responsibilities to protect sensitive intelligence sources and methods, shall be made on a competitive basis to the maximum practical extent.

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- b. When supplies or services are to be procured by negotiation, offers shall be solicited from the maximum number of qualified sources consistent with the nature and requirements of the supplies, or services, to be procured.
- c. Negotiated procurements shall be on a competitive basis to the maximum practical extent. When a proposed procurement appears to be necessarily non-competitive, contracting officials are responsible not only for assuring that competitive procurement is not feasible, but also for acting whenever possible to avoid the need for subsequent non-competitive procurements. This action should include both examination of the reasons for the procurement being non-competitive and steps to foster competitive conditions for subsequent procurements, including possible break-out of components for competitive procurement. Except for procurement of utilities, and utility services, and educational services from nonprofit institutions, contracts in excess of [redacted] shall not be negotiated on a non-competitive basis without prior review at a level higher than the initiating contract officer to assure compliance.
- d. Procurements, whether by formal advertising or by negotiation, generally shall be made by soliciting bids, proposals, or requests for quotations from the maximum number of qualified sources consistent with the nature and requirements of the supplies or services to be procured.
- e. "Bidders" lists for procurement shall be established, maintained, and utilized to insure access to, and use of, the broadest possible base of U.S. industrial firms.
- f. Purchases shall be made from, and contracts shall be awarded to, responsible prospective contractors only. Responsible prospective contractors shall meet the criteria set forth in Federal and Armed Services Procurement Regulations.

5. Action Required

- a. Within the framework of applicable Armed Services and Federal Procurement Regulations, and consistent with statutory responsibility to protect sensitive intelligence sources and methods Agency Heads, Program Managers, and the heads of elements of departments and agencies within the Intelligence Community constituting the NFIP shall:

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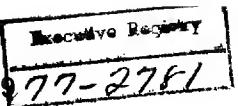
- ensure competitive involvement to the maximum extent possible in all procurement activities;
- broaden the scope of procurement actions and increase the number of qualified sources from which to solicit and accept bids, proposals, or quotations; and
- review criteria for designating responsible prospective contractors to broaden the base of U.S. firms supporting the NFIP.

b. In conjunction with the provision of recommended budgets to the DCI for preparation of the National Foreign Intelligence Program Budget, Agency Heads, Program Managers, and the heads of elements of departments and agencies within the Intelligence Community constituting the NFIP shall report the results of actions taken in accordance with the foregoing guidance. Reports should provide data on the total number and dollar value of competitive procurement actions exceeding [redacted] the total number of firms involved, and the number of new firms included on lists of bidders during the prior fiscal year. The first such report covering FY-1978 should accompany submission of budget recommendations for FY-1980.

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8 NOV 1977

Major General Edward B. Giller, USAF (Ret.)
825 Mackall Avenue
McLean, Virginia 22101

Dear Ed:

As you move on to new responsibilities in the Department of Defense, I wish to express my personal gratitude, as Chairman of the National Foreign Intelligence Board, for your valuable contributions as the representative of the Energy Research and Development Administration.

From March 1973 until September 1977, you were a strong advocate of ERDA's interests and helped to bring into focus the new and growing importance of intelligence problems associated with nuclear energy. More importantly, you were able to adopt and sustain a national intelligence stance. Thus you contributed much to the national intelligence product and enabled several Directors of Central Intelligence to advise the President in a timely and objective manner.

You have served your country well in a number of appointments, and I congratulate you on your outstanding performance.

I know I speak for all your colleagues in the Intelligence Community in wishing you well in your new assignment.

Yours,

STANSFIELD TURNER

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